

Message Text

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PAGE 01 BAGHDA 00596 090828Z

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ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 EB-11 SCI-06 SCEM-02

INT-08 COME-00 TRSE-00 DRC-01 /186 W
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R 040830Z NOV 73

FM USINT BAGHDAD

TO SECSTATE WASHDC 623

INFO AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY TEHRAN

USINT CAIRO

S E C R E T BAGHDAD 596

E.O. 11652: GDS

TAGS: PINT, PFOR, IZ, US

SUBJECT: POST WAR ASSESSMENT OF IRAQ AND POLICY
RECOMMENDATIONS

1. SUMMARY: ON EVE OF ARAB-ISRAELI WAR IRAQI REGIME WAS
ESTRANGED FROM MOST ARABS AND IRAN, ENGAGED IN BITTER INTRA-PARTY
STRUGGLE FOR POWER, FACED WITH POSSIBLE NEW WAR AGAINST KURDS, AND
INVOLVED IN MARRIAGE OF CONVENIENCE WITH COMMUNIST PARTY WHICH
COMMUNISTS SKILLFULLY EXPLOITING. ONLY ON ECONOMIC FRONT WERE
THINGS GOING WELL AND REGIME NO DOUBT HOPED PROSPERITY WOULD
RESOLVE PROBLEMS. WAR HAS NOT REMOVED UNDERLYING CAUSES OF
INSTABILITY. AT MOST REGIME HAS GAINED TIME TO DEAL WITH
PROBLEMS. DESPITE ANTI-U.S. STAND, THERE IS STILL HOPE FOR U.S.

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SECRET

PAGE 02 BAGHDA 00596 090828Z

END SUMMARY.

2. WAR WAS GODSEND FOR BAATH REGIME AND IT ACTED SWIFTLY TO EXPLOIT IT. IT CONTRIBUTED TWO DIVISIONS AND FIVE AIR FORCE SQUADRONS BUT KEPT BEST WEAPONS AT HOME. INDIAN MILATT SAYS TWO BRIGADES WHICH SAW ACTION FOUGHT WELL. HE PUTS AIRCRAFT LOSSES AT 32 OUT OF 60, TANK LOSSES AT 120, AND CASUALTIES OF TWO BRIGADES AT 50 PERCENT. REGIME'S ABRUPT REJECTION OF CEASE-FIRE AND DECISION TO WITHDRAW TROOPS WERE POPULAR WITH PUBLIC, BUT WAY IT WAS DONE HAS OFFENDED ARMY. ISOLATION AND WITHDRAWAL APPEAR TO HAVE ELIMINATED IRAQ AS IMPORTANT ELEMENT IN SEARCH FOR SETTLEMENT. REGIME BELIEVES U.S. AND U.N. LACK WILL TO BRING ABOUT SETTLEMENT AND HOPES TO BE IN POSITION TO EXPLOIT ANTICIPATED FAILURE.

3. USE OF CRISIS TO ACHIEVE EARLIER OBJECTIVES OF RESUMPTION OF RELATIONS WITH IRAN AND NATIONALIZATION OF LAST U.S. INVESTMENTS WAS SKILLFULLY DONE. LATTER ENHANCED REGIME'S RADICAL REPUTATION, AS DID LATER NATIONALIZATION OF DUTCH PORTION OF SHELL HOLDINGS IN BPC. IRAQ HAS NOT, HOWEVER, PROHIBITED OIL EXPORTS TO U.S. NOR CUT ITS PRODUCTION, PRESUMABLY BECAUSE THIRD OF EXPORTS ALREADY STOPPED BY BANIAS CLOSURE AND BECAUSE IT WAS CONFRONTATION STATE AND NEEDS REVENUE.

4. KURDS - FOR PAST YEAR BAATH LEADERS HAVE RECOGNIZED NECESSITY OF RAPPROCHMENT WITH IRAN AS PREREQUISITE FOR DEALING WITH KURDS AND RESUMPTION OF RELATIONS MAY LEAD TO PROGRESS. FRENCH AMBASSADOR HAS REPORT THAT SHAH IS NOW PREPARED TO COOPERATE BECAUSE OF KURDISH NATIONALIST ACTIVITY IN IRAN. REGIME HAS ALSO USED WAR TO PRESSURE KDP TO ACCEPT BAATH PLAN FOR AUTONOMY. KDP, WHILE PROFESSING SOLIDARITY AGAINST ISRAEL, HAS SHOWN NO INCLINATION TO COMPROMISE AND IS ATTACKING ICP FOR ITS ROLE IN NATIONAL FRONT.

5. ICP ALSO EXPLOITED WAR FOR ITS OWN PURPOSES. IN MIDST OF WAR CENTRAL COMMITTEE ISSUED EMERGENCY CALL FOR MOBILIZATION OF MASSES AND INDIRECTLY CRITICIZED REGIME'S ACTIONS. SINCE CEASE-FIRE ICP HAS BEEN APOLOGIST FOR USSR AND IS IN DIRECT CONFLICT WITH BAATH POSITION THAT CEASE-FIRE IS SELL-OUT OF ARAB MASSES. LABOR UNION ELECTIONS SCHEDULED FOR NOV 3 POSTPONED UNTIL JANUARY SUGGESTING BAATH WANTS MORE TIME TO
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PAGE 03 BAGHDA 00596 090828Z

DEAL WITH ICP THREAT.

6. BAATH PARTY ELECTIONS ARE REPORTEDLY COMPLETED AND NEXT STEP IS PARTY CONGRESS. WHILE SOME HIGH OFFICIALS APPARENTLY DEFEATED, SIGNIFICANCE OF CHANGES MUST AWAIT CONGRESS. EVEN IF REGIME RESOLVES INTRA-PARTY STRUGGLE AND INCIPIENT THREAT FROM ICP, IT MAY FACE NEW THREAT FROM MILITARY. INDIAN MILATT SURI TOLD ME NOV 3 THAT CRITICISM OF REGIME IN ARMY INCREASINGLY WIDE-

SPREAD. BASIS OF IT IS THAT ARMED FORCES THROWN INTO WAR WITHOUT ADEQUATE PREPARATION OR CONSULTATION, THEN WITHDRAWN ABRUPTLY, AGAIN WITHOUT CONSULTATION WITH MILITARY LEADERS. INSULT ADDED TO INJURY WHEN TROOPS NOT GIVEN AMMO UNTIL JUST BEFORE ENTERING SYRIA AND HAVING IT TAKEN AWAY UPON RETURN TO IRAQ.

7. VIEW PUT FORTH BAGHDAD 586 THAT IRAQ NEEDS USSR FOR FORESEEABLE FUTURE DESPITE MAJOR DIFFERENCE OVER WAR AND THAT USSR POISED TO EXPLOIT IRAQI WEAKNESSES SEEMS BORNE OUT BY 150 MILLION RUBLE LONG TERM LOAN AT 2 AND ONE HALF PERCENT SIGNED NOV 3 IN BAGHDAD.

8. DESPITE NATIONALIZATION OF EXXON AND MOBIL AND VIOLENT ANTI-U.S. PROPAGANDA, THERE ARE RECENT INDICATIONS THAT REGIME WISHES TO KEEP LINES TO U.S. OPEN. FOR EXAMPLE, THERE IS APPARENT DESIRE TO GO AHEAD WITH RECENT DEEP SEA TERMINAL CONTRACT, DIRGEN OF IRAQI AIRWAYS IS ABOUT TO ATTEND BOEING CONFERENCE IN MIAMI, AND COLUMNIST ROWLAND EVANS WARMLY RECEIVED LAST WEEK INCLUDING INTERVIEW WITH SADDAM HUSSEIN.

9. IF ABOVE ASSESSMENT CORRECT, IRAQ UNLIKELY TO EXPEND MAJOR RESOURCES TO DISRUPT SETTLEMENT, BUT CONTINUE AID TO PALESTINIANS. IF SETTLEMENT REACHED, REGIME WILL BE PREPARED TO RESUME POLICY OF FREE COMPETITION AND EXPANDED ECONOMIC RELATIONS WITH U.S. IT IS STRONGLY RECOMMENDED THEREFORE THAT USG POSITION ON EXXON AND MOBIL NATIONALIZATION NOT PUT INSURMOUNTABLE OBSTACLE IN WAY OF FUTURE RELATIONS. NATIONALIZATION WAS POLITICAL IMPERATIVE FOR THIS REGIME AND PRICE WE PAID FOR SPECIAL RELATIONSHIP TO ISRAEL. LOOKING TO FUTURE, HOWEVER, REMOVAL OF LAST "COLONIALIST-ERA" INVESTMENT MAY ACTUALLY IMPROVE ATTRACTIVENESS OF U.S. FOR IRAQ. LOWRIE

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